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Turkey

Oilseeds and Products

Oilseeds and Products Annual 2008

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Report Highlights:

Drought in 2007 sharply reduced domestic oilseed production, leading to higher imports of oilseeds, meal and vegetable oil in MY2007. Although domestic production of sunflower should rebound if weather patterns return to normal, forecast sharply lower cotton production will ensure strong import demand in MY2008.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Ankara [TU1]
[TU]

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Executive Summary

Total production of oilseeds subject to this report (soy, sunflower and cottonseed) is projected to reach 1.8 MMT in MY 2008, down 5.3 percent from 1.87 MMT in MY 2007 due to projected decrease in cottonseed production. MY2008 soybean production is not expected to increase due to farmers' dissatisfaction with returns. Although increase in use of mechanical harvesters lowered production costs, cotton hence cottonseed production is expected to decrease due to lingering effects of drought in 2007, especially in the Aegean region. Many Aegean farmers shifted to plant grain because of water shortages in the region. MY 2008 sunflower seed production is forecast to rebound from MY2007's drought-reduced crop due to attractive returns for the farmer due to radical increase in prices. The government's continuing production bonus program for oilseeds has had positive effects on planting decisions of farmers.

MY 2008 total meal production is forecast to remain stable as a projected decrease in cotton seed meal output is offset by an increase in sunflower meal production.

The Turkish poultry industry, which ranks in the world's top fifteen, is the country's top consumer of protein meal and feed demand growth continues strong. MY 2007 poultry meat production is estimated at 1.08 MMT. Successful Avian influenza education programs have rebuilt the confidence of consumers and unlike in 2006, outbreaks in 2007 and 2008 have had negligible impact on poultry and egg consumption, although exports were reduced.

Total soybean and soy meal imports in MY 2008 are forecast at 1.7 MMT, an increase of 9.3 percent from MY 2007, due to increased use of full-fat soybeans in poultry rations and increased local crushing and the unpopularity of domestic soybean production. The U.S. GSM-102 credit guarantee program will continue to protect U.S. market share in the bean and meal markets. However, this year's reduced credit allowance and uncertainty concerning extra allotment of funds in 2008 have reduced its effectiveness.

As with meal, MY 2008 total vegetable oil production is expected to increase to 690,000 MT from 627,000 MT of MY 2007 as a projected increase in sunflower seed oil production offsets a projected decrease in cotton seed oil output.

OILSEEDS

Sunflower seed

Turkey Oilseed, Sunflowerseed (1000 HA)(1000 MT)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008
Area Planted	540	480	480	580	470	470	0	0	500
Area Harvested	480	480	480	470	470	470	0	0	500
Beginning Stocks	18	22	22	53	15	15	33	16	16
Production	850	850	850	700	700	700	0	0	850
MY Imports	408	450	450	380	200	200	0	0	300
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	1276	1322	1322	1133	915	915	33	16	1166
MY Exports	5	0	0	3	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Crush	1211	1300	1300	1090	890	890	0	0	1100
Food Use Dom. Cons.	4	3	3	4	4	4	0	0	4
Feed Waste Dom. Cons.	3	4	4	3	5	5	0	0	5
Total Dom. Cons.	1218	1307	1307	1097	899	899	0	0	1109
Ending Stocks	53	15	15	33	16	16	0	0	57
Total Distribution	1276	1322	1322	1133	915	915	0	0	1166
CY Imports	390	372	372	370	400	596	0	0	400
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	4	0	10	4	0	11	0	0	10
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

The hottest and driest summer in decades seriously affected the MY 2007 Turkish sunflower seed crop; production is estimated at 700,000 MT, about twenty percent less than earlier projections. Lack of precipitation reduced yields, particularly in the Thrace region where eighty percent of local sunflower seed grows. Assuming normal weather, MY 2008 production should return to the 850,000 MT range. Prices in March 2008 were twice March 2007's (see table).

Despite the domestic production shortfall, imports of sunflower seed, meal and oil did not rise because drought conditions also affected sunflower production in neighboring producing countries: Bulgaria, Romania and Moldova. Although the government slashed import duties, especially for non-MFN category countries like Russia, high prices limited sunflower seed imports in MY 2007. If retained, the duty reduction is likely to support imports in MY 2008.

As Russia and Ukraine, the likely suppliers, have developed crushing industries, Turkey may have to import more oil than seed to meet local demand.

Due to tight supplies, prices of sunflower seed and products have increased significantly during the last six months of MY 2007: per ton C&F Turkey prices of sunflower seed rose to USD 510 from USD 280, sunflower meal to USD 240 from USD 120 and sun oil to USD 995 from USD 660.

Price of sunflower seed reached USD 925 in January 2008 (up from USD 320 in January 2007) and crude sunflower seed oil reached USD 1,750 in January 2008 (up from USD 650 in January 2007). In March 2008 the price of sunflower seed reached 1,140 YTL/kg (about USD 940/MT) and crude sunflower seed oil 2,650 YTL (about USD 2,185 per ton).

The biggest cooperative, Trakya Birlik, bought about 150,000 MT of sunflower from its members at a price of 825 YTL (about USD 680) in November 2007, compared to 350-400,000 MT at 525 YTL/MT in 2006.

The government has announced that MY 2007 sunflower seed will receive a production bonus in 2008; how much bonus is not known yet. These production bonus payments on old crop usually are made in August, just before the new crop harvest. Industry sources say that for the future of domestic sunflower seed production it is crucial that coops and the government announce adequate domestic price and bonus payment, and pay promptly.

Lack of official trade figures prevents building trade matrixes, but despite a short domestic crop Turkey's sunflower seed imports from all origins are forecast to fall to 200,000 ton in MY 2007 due to tight supplies in exporting countries. Imports of sunflower oil and meal, however, are projected to rise significantly, to 300,000 tons and 400,000 tons respectively. Despite the projected increase in imports, total availability of sunflower seed meal for domestic consumption will be short more than 100,000 tons, and likely will be replaced by other feed ingredients such as CGF and DDGS.

Turkey is the world's second biggest market for U.S. inshell confectionary sunflower seed exports. In MY 2006 U.S. exports of confectionary sunflower reached record levels, exceeding 20,000 MT, 56 percent more than in the previous year. In the first four months of MY2007 U.S. exports reached 6,120 MT.

Weather condition and rainfall is expected to improve this season. There was a flood in the Thrace region in November 2007. Since then rainfall has been steady. However farmers in the Thrace region point out that the soil is still not ideally saturated and the seaside farm land between Istanbul and Thrace is still dryer then usual due to the effects of the drought in MY 2007. MY 2008 area and production area are forecast to rise to about 500,000 hectares and 850,000 MT.

In MY 2008 total imports are expected to increase to 300,000 MT. Bulgaria is expected to recover from the drought of 2007 hence increasing its supply for exports. Bulgaria is expected to remain the leading supplier due to Turkish import policies that favor EU members over countries that are not members of WTO, namely Russia and Ukraine.

Soybean

Turkey Oilseed, Soybean (1000 HA)(1000 MT)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		11/2006	11/2006		11/2007	11/2007		11/2008	11/2008
Area Planted	8	8	8	7	7	7	0	0	7
Area Harvested	8	8	8	7	7	7	0	0	7
Beginning Stocks	144	120	120	171	180	180	175	175	175
Production	25	25	25	20	20	20	0	0	20
MY Imports	1172	1150	1150	1200	1200	1200	0	0	1300
MY Imp. from U.S.	427	610	610	425	580	580	0	0	600
MY Imp. from EU	26	0	0	25	0	0	0	0	0
Total Supply	1341	1295	1295	1391	1400	1400	175	175	1495
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Crush	430	400	400	440	440	440	0	0	450
Food Use Dom. Cons.	15	15	15	15	15	15	0	0	10
Feed Waste Dom. Cons.	725	700	700	761	770	770	0	0	865
Total Dom. Cons.	1170	1115	1115	1216	1225	1225	0	0	1325
Ending Stocks	171	180	180	175	175	175	0	0	190
Total Distribution	1341	1295	1295	1391	1400	1400	0	0	1515
CY Imports	1200	1016	1016	1200	1200	1230	0	0	1200
CY Imp. from U.S.	374	500	500	400	600	600	0	0	650
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

MY 2007 Turkish soybean production remained about 20,000 MT and in MY 2008 production is estimated to stay stable at this level, despite the increase in domestic demand. In the Cukurova region, where 80 percent of local soybeans are grown, farmers can earn better returns on other crops such as corn, cotton, and vegetables. Yields are high where soy is planted, as growers are likely to be technically proficient and the crop is usually irrigated.

Growth in domestic soybean and meal consumption was strong in MY 2007 and is projected to continue in MY 2008. The reason was steady growth in poultry and egg production, increasing feed demand. Although there were outbreaks of Avian influenza in February 2007 and February 2008, effective education campaigns maintained public confidence in the safety of eggs and chicken meat, so unlike the 2006 outbreak there was no impact on poultry demand.

As poultry production contuse to grow, egg production also has been increasing due both to increased domestic consumption and to increased exports. Domestic egg consumption showed significant increase in recent years, reaching an estimated 150 pieces per person annually in 2007 compared to 120 in 2004. The egg industry association is preparing a promotion campaign to increase consumption of eggs to 200 pieces per person per year. Egg exports reached USD 70 million in 2007 compared to USD 20 million in 2006. Neighboring countries are the main buyers of Turkish eggs, and northern Iraq is the leading market for Turkish egg exports. Avian Influenza adversely affected exports.

Aquaculture also contributed to the growth in soybean meal and especially full fat-soya consumption, although to a lesser degree.

Although soybean and meal consumption is expected to increase in MY 2007, soy oil consumption is expected to decline. In MY 2006 a significant amount of soy oil reportedly was utilized in illegally-produced biodiesel. But in MY 2007 the government imposed controls and utilization declined. Additionally, Turkish traders who were in search of lower-cost alternatives imported large amount of canola seed from Russia and Ukraine and crushed it in place of soy.

Lack of official trade figures and country of origin data prevents creation of trade matrixes. According to unofficial sources, soybean imports during MY 2006 were 1,157,000 MT with the United States supplying 610,000 MT, more than half. Soybean meal imports during the same period reached 310,000 MT, of which about 130,000 MT was U.S. origin.

USDA's GSM-102 Export Credit Guarantee Program continues to facilitate exports of U.S. agricultural commodities to Turkey, especially soybeans and products. During U.S. Fiscal Year 2007 Turkish importers utilized a total of USD 253 million of the program of which USD 31.3 million was used to import soybean and soybean meal. A small and delayed FY 2008 program has had an adverse affect on U.S. soybean purchases. Trade sources say at least two cargoes were switched from U.S. to South American origin, and at least one cargo was cancelled.

Imports for MY 2008 are projected at 1,300,000 MT due to decreased local production, increased use of full fat soybeans in poultry rations and increased local crushing capacity. Mills reportedly prefer using full-fat soybeans in rations in place of grains due to cost advantages.

According to industry sources, the U.S. will continue to be the leading supplier to Turkey, providing about fifty percent of total soybean imports. Along with high U.S. quality, the availability of the GSM-102 credit program will help U.S. soybeans maintain market share in the face of competition from South America, and neighboring Black Sea countries, Ukraine and Romania, are the new soybean suppliers to Turkey.

Cottonseed

Turkey Oilseed, Cottonseed (1000 HA)(RATIO)(1000 MT)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008
Area Planted (Cotton)	680	0	640	650	0	550	0	0	450
Area Harvested (Cotton)	640	0	640	570	0	550	0	0	450
Seed to Lint Ratio	0	0	0	0	0	0	0	0	0
Beginning Stocks	6	0	6	15	0	6	7	0	0
Production	1265	0	1310	1071	0	1150	0	0	900
MY Imports	100	0	120	120	0	30	0	0	30
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	30	0	90	30	0	10	0	0	10
Total Supply	1371	0	1436	1206	0	1186	7	0	930
MY Exports	1	0	2	1	0	1	0	0	0
MY Exp. to EU	1	0	0	1	0	0	0	0	0
Crush	1305	0	1378	1158	0	1140	0	0	882
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	50	0	50	40	0	46	0	0	40
Total Dom. Cons.	1355	0	1428	1198	0	1186	0	0	922
Ending Stocks	15	0	6	7	0	0	0	0	8
Total Distribution	1371	0	1436	1206	0	1186	0	0	930
CY Imports	92	0	70	75	0	50	0	0	30
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	1	0	2	1	0	1	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

MY 2008 cotton area planted is forecast at 450,000 hectares, a significant decrease from MY 2007. This decrease is due to the effects of the drought in 2007, especially in the Aegean region. Aegean farmers are expected to plant more corn and wheat due to water shortage in the region and more attractive returns.

In keeping with lower cotton production, MY 2008 cottonseed production is projected to decrease about 22 percent: to 900 MMT from an estimated 1150 MT in MY 2007.

MY 2007 cottonseed imports have fallen sharply, as cotton production falls in Greece, the principle supplier. Imports are projected to remain low in MY 2008.

A drop in production and smaller importable supplies is forecast to produce a dramatic drop in cottonseed supplies in MY2008. How the sector will respond remains unclear.

Canola

In MY 2008 planting is projected at 18,500 hectares and production is forecast at 50,000 MT, in comparison to estimated MY 2007 planting of 18,000 hectares and 40,000 MT of production. Increases in traditional oilseed prices have motivated food oil producers to look for alternative crops. Soy oil is not favored hence canola is gaining popularity as an alternative. Furthermore, the 2007 drought hurt canola yields less than sunflower seed yields.

Canola's increasing popularity has disturbed olive oil producers, as canola oil easily can be used as an adulterant of olive oil.

Agricultural Sales Cooperative Unions

Trakya Birlik and Karadeniz Birlik, two of the leading Agricultural Sales Cooperative Unions (ASCU's) continue to play a very important role supporting sunflower seed production in Turkey. Other ASCU's includes TARIS (cotton and olive oil), Cukobirlik (cotton and soybean) and Antbirlik (cotton and cottonseed). All of the ASCU's have thousands of members to whom they provide seeds, fertilizer and low-cost financing prior to planting. The ASCU's then offer attractive prices after the harvest. Trakya Birlik and Karadeniz Birlik's combined purchases of represent about 22 percent of the MY2007 crop.

Consumption

The majority of oilseeds and products are utilized for meal and oil. In MY 2007 high grain prices encouraged feed millers and poultry operation to produce and use more full-fat soy in rations. The trend to use full fat soy is expected to continue in MY 2008 as well.

Thanks to effective consumer and producer education campaigns, the outbreaks of AI in February 2007 and January 2008 had a negligible effect on commercial poultry meat demand, hence no impact on feed demand.

Total crushing capacity has reached about 4.7 MMT. The new high-capacity modern crushers lower the cost of crushing through economies of scale, forcing smaller crushers with older technology out of business. Low capacity utilization, about 60 percent, also remains a problem for the industry due to lack of raw material. Turkey traditionally exports oils and fats to neighboring countries, particularly sunflower seed oil and margarine.

Trade

From June 2006 the Turkish government stopped publishing complete import and export data. Accord to the policy, if a given item is traded by three or fewer companies in any month, trade figures are shown as zero. Consequently it has become impossible to produce trade matrixes and trade figures in PSD's are estimates.

In the medium and long term, rising household incomes will increase demand for livestock, poultry and aquaculture products, ensuring rising demand for protein meals for feed. Simultaneously consumers will demand higher-quality vegetable oils. Even with government support programs for oilseeds, domestic production is unlikely to keep pace with this growth in demand, so Turkey's demand for imported oilseeds, meal and oils should remain strong despite relatively high tariffs.

Marketing

The American Soybean Association (ASA) continues to actively promote the use of soybean and soybean products, such as full-fat soy in poultry and livestock rations, in the region.

OIL MEALS

MY 2008 total meal production is projected to stay stable at 1.4 MMT. An increase in sunflower meal production will be offset by a decrease in cottonseed meal production.

According to official figures, there are some 637 feed mills in Turkey with an estimated total capacity of 15.5 MMT. The feed sector has been growing at a remarkable speed; new modern mills with large production capacities are pushing small ones out of business.

In recent years, an increasing number of Turkish mills have not separated the hulls from the meals while producing sunflower seed meal. This practice actually increases the amount of meal produced but lowers the protein content and the quality of the meal. Due to the low protein content, the locally produced sunflower meal is not used in poultry rations but in livestock rations. As a result, farmers are required to use larger amounts of sunflower meal to obtain the protein amounts needed in their rations. Accordingly, Post is adjusting extraction rates to 50 percent, from 38 percent, to reflect the change in practices.

Turkey Meal, Sunflower seed (1000 MT)(PERCENT)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008
Crush	1211	1300	1211	1090	890	1090	0	0	1100
Extr. Rate, 999.9999	0.388935	0.5	0.536746	0.39633	0.505618	0.412844	0	0	0.518182
Beginning Stocks	0	60	60	0	20	20	0	10	10
Production	471	650	650	432	450	450	0	0	570
MY Imports	323	300	300	320	400	400	0	0	300
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	794	1010	1010	752	870	870	0	10	880
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	794	990	990	752	860	860	0	0	860
Total Dom. Cons.	794	990	990	752	860	860	0	0	860
Ending Stocks	0	20	20	0	10	10	0	0	20
Total Distribution	794	1010	1010	752	870	870	0	0	880
CY Imports	320	423	423	320	250	374	0	0	300
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
SME	749.6948	934.758	934.758	710.0384	812.012	812.012	0	0	812.012

Sunflower seed meal

Turkey's sunflower seed meal imports are forecast to decrease to 300,000 MT in MY 2008 as a result of increased domestic production and crush. Turkey sources its sunflower seed meal from neighboring Black Sea countries due to increased availability as a result of increased crushing capacities.

Soybean meal

In MY 2007 high grain prices encouraged feed millers and poultry operation to produce and use more full-fat soy in rations. With no major change in crushing margins expected, the trend to use full fat soy is expected to continue in MY 2008 as well. MY 2008 soybean meal imports are expected to increase to 400,000 MT compared to 350,000 MT in MY 2007

The American Soybean Association has been very effective in implementing activities to promote soybean meal utilization in poultry, ruminant and aquaculture feed.

Turkey Meal, Soybean (1000 MT)(PERCENT)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		11/2006	11/2006		11/2007	11/2007		11/2008	11/2008
Crush	430	400	430	440	440	440	0	0	450
Extr. Rate, 999.9999	0.797674	0.8	0.744186	0.797727	0.806818	0.806818	0	0	0.8
Beginning Stocks	30	40	40	27	45	45	37	65	65
Production	343	320	320	351	355	355	0	0	360
MY Imports	339	310	310	364	350	350	0	0	400
MY Imp. from U.S.	136	150	150	125	140	140	0	0	140
MY Imp. from EU	3	0	0	2	0	0	0	0	0
Total Supply	712	670	670	742	750	750	37	65	825
MY Exports	5	15	15	5	15	15	0	0	15
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	0	10	10	0	10	10	0	0	5
Feed Waste Dom. Cons.	680	600	600	700	660	660	0	0	735
Total Dom. Cons.	680	610	610	700	670	670	0	0	740
Ending Stocks	27	45	45	37	65	65	0	0	70
Total Distribution	712	670	670	742	750	750	0	0	825
CY Imports	345	268	268	365	280	341	0	0	340
CY Imp. from U.S.	136	125	125	125	150	150	0	0	160
CY Exports	5	14	14	5	0	1	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
SME	680	610	610	700	670	670	0	0	740

Cottonseed meal

Turkey Meal, Cottonseed (1000 MT)(PERCENT)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008
Crush	1305	0	1378	1158	0	1140	0	0	882
Extr. Rate, 999.9999	0.455939	0	0.50076	0.455959	0	0.500	0	0	0.500
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	595	0	690	528	0	570	0	0	441
MY Imports	4	0	0	4	0	0	0	0	4
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	599	0	690	532	0	570	0	0	445
MY Exports	5	0	5	0	0	5	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	594	0	685	532	0	565	0	0	445
Total Dom. Cons.	594	0	685	532	0	565	0	0	445
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	599	0	690	532	0	570	0	0	445
CY Imports	5	0	5	4	0	0	0	0	4
CY Imp. from U.S.	0	0	0	0	0	5	0	0	0
CY Exports	5	0	5	4	0	0	0	0	4
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
SME	481.3182	0	555.05	431.0796	0	457.819	0	0	360.583

Consumption

In general, total oilseed meal consumption is projected to move in line with the expanding domestic poultry, livestock, aquaculture and soy food production. Overall, Turkish poultry meat production tripled in the past ten years and another fifty percent increase is foreseen in the coming ten years. The layer industry is projected to expand in coming years too. The beef and dairy sectors are also forecast to grow but at a slower pace.

The meal sector is a USD 4.3 billion revenue market. Especially due to the drought in MY 2007 domestic raw materials are in short supply. Feed prices rose 67 percent in 2007 due to low raw material supplies.

Utilization of soy meal to produce pasteurized soy flour is fairly new in Turkey. Soy flour is utilized in bakery products to extend the shelf life and in confection industries to add flavor.

Soy flour is also used in the meat industry as filler and as a low cost substitute for meat. Local consumption of pasteurized soy flour is gradually increasing despite some sensitivity to the use of transgenic products.

Other

Turkey consumed about 100,000 MT of canola meal in CY 2006.

Trade

Soybean meal imports are forecast to rise in MY2008 based on continued strong demand, while sunflower meal imports are forecast to fall due to higher domestic production.

OILS

Total oil production (cottonseed, soy and sunflower) is forecast to increase to 690,000 MT in MY 2008 from 627,000 MT in MY 2007 due to increased domestic production of sunflower seed.

Raw material price increases because of low domestic supplies have caused crude sunflower seed oil to increase from USD 1,750/MT to USD 2,625/MT in February, 2008.

Turkey has a refining capacity of about 3.5 MMT, of which about 2.4 MMT is used to produce liquid oils and the remaining 1.1 MMT is used to produce margarine.

Sunflower seed oil

Turkey Oil, Sunflower seed (1000 MT) (PERCENT)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008
Crush	1211	1300	1211	1090	890	890	0	0	1100
Extr. Rate, 999.9999	0.429397	0	0.437655	0.43578	0	0.41573	0	0	0.427273
Beginning Stocks	140	0	127	40	0	52	24	0	37
Production	520	0	530	475	0	370	0	0	470
MY Imports	113	0	70	410	0	300	0	0	280
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	773	0	727	925	0	722	24	0	787
MY Exports	9	0	50	78	0	50	0	0	50
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	21	0	5	21	0	5	0	0	12
Food Use Dom. Cons.	683	0	615	780	0	625	0	0	680
Feed Waste Dom. Cons.	20	0	5	22	0	5	0	0	5
Total Dom. Cons.	724	0	625	823	0	635	0	0	697
Ending Stocks	40	0	52	24	0	37	0	0	40
Total Distribution	773	0	727	925	0	722	0	0	787
CY Imports	120	0	398	400	0	162	0	0	160
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	15	0	100	80	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

After the rapid increase of sunflower oil imports in MY 2007 due to the drought's impact on domestic production, a slight decline is forecast in MY 2008. Increased crushing capacity in neighboring sunflower-producing countries has reduced availability of seeds for crushing, resulting in greater imports of oil to meet demand.

Soybean oil

Turkey Oil, Soybean (1000 MT)(PERCENT)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		11/2006	11/2006		11/2007	11/2007		11/2008	11/2008
Crush	430	400	430	440	440	440	0	0	450
Extr. Rate, 999.9999	0.17907	0.175	0.162791	0.179545	0.170455	0.170455	0	0	0.177778
Beginning Stocks	42	20	20	14	10	10	14	10	10
Production	77	70	70	79	75	75	0	0	80
MY Imports	66	127	127	65	80	80	0	0	100
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	10	0	0	10	0	0	0	0	0
Total Supply	185	217	217	158	165	165	14	10	190
MY Exports	0	5	5	0	5	5	0	0	5
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	24	132	132	25	115	115	0	0	130
Food Use Dom. Cons.	125	40	40	98	20	20	0	0	25
Feed Waste Dom. Cons.	22	30	30	21	15	15	0	0	20
Total Dom. Cons.	171	202	202	144	150	150	0	0	175
Ending Stocks	14	10	10	14	10	10	0	0	10
Total Distribution	185	217	217	158	165	165	0	0	190
CY Imports	65	213	213	65	200	50	0	0	65
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	0	2	2	0	5	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

Given the sharp drop in cottonseed oil production, imports of soybean oil are forecast to increase 20 percent in MY 2008.

Cottonseed oil

Turkey Oil, Cottonseed (1000 MT)(PERCENT)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008
Crush	1305	0	1378	1158	0	1140	0	0	882
Extr. Rate, 999.9999	0.168582	0	0.156023	0.168394	0	0.159649	0	0	0.15873
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	220	0	215	195	0	182	0	0	140
MY Imports	2	0	2	4	0	4	0	0	4
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	222	0	217	199	0	186	0	0	144
MY Exports	6	0	5	1	0	1	0	0	1
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	37	0	37	35	0	35	0	0	34
Food Use Dom. Cons.	179	0	175	163	0	150	0	0	109
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	216	0	212	198	0	185	0	0	143
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	222	0	217	199	0	186	0	0	144
CY Imports	2	0	2	1	0	1	0	0	1
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	6	0	6	6	0	6	0	0	6
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

Cottonseed Oil

A drop in domestic cotton area, combined with a decline in Greek cotton production due to changes in EU support programs is expected to have a significant impact on the available supply of cottonseed for crushing, and hence cottonseed oil production. The cottonseed crush in MY2007 is estimated to be 17 percent lower than in MY2006, and MY2008 crush is forecast to fall an additional 22 percent.

Tariffs

At the end of MY 2007, in response to tight domestic supplies and a need to import, the Turkish government on September 25, 2007, reduced import duties for sunflower seed and most vegetable oils. Drought having reduced domestic sunflower seed production, prices were increasing sharply, and the duty reduction was a tactic to reduce food price inflation, as substantial imports were needed to cover the production shortfall. Presently domestic sunflower seeds are selling for 1140 YTL per kg (about USD 940 per ton).

This decrease in the import duties is scheduled to expire in May; it is possible the government will extend the reduction.

Import Duty Levels and Change Schedule		
Commodity groups	Current	After May
Sunflower Seed	12%	27% (May 31)
Sunflower Seed from Non-WTO	12%	45% (May 31)
Sunflower Oil	22%	36% (May 31)
Sunflower Oil from Non-WTO	22%	60% (May 31)
Vegetable Oils (Soy, Corn, Palm, Palm Cernel, Canola)	22%	31.2% (May 31)
Corn, Sorghum, Black wheat, Bird feed	35%	70% (May 15)

Other adjustments that Government has made for oilseeds and products in the 2007 import regime are:

Soybean and cottonseed imports are subject to 10 percent tariff.

Sunflower seed meal and cottonseed meal imports duties are 11.5 percent for EU and EFTA countries and 13.5 percent for all other sources. The soybean meal import duty is zero percent from EU sources and Bosnia but 13.5 percent for the rest of the world.

Crude soybean oil is subject to 10 percent duty if it is for industrial use and 19.5 percent if it is for bio-diesel production purposes.

Refined soybean oil and cottonseed oil for food are subject to 35 percent customs tax. Refined soybean and cottonseed oil however are subject to 10 percent customs tax if for industrial use and 19.5 percent if for bio-diesel. Refined sunflower seed oil is subject to 50 percent customs tax from all sources.

Biotechnology

Turkey has ratified the Cartagena Biosafety Protocol but has no legislation in force to regulate biotechnology, operating under a "don't ask; don't tell" system. U.S. and South American soybeans and soy products enter freely as long as documentation does not specify that they contain transgenic material. In July 2007 the government suddenly issued a decree based on the European Union's labeling and traceability directive, but various groups, including the feed millers, convinced the government that such legislation would block necessary imports, devastating the industry and threatening all livestock and poultry production. The decree was subsequently withdrawn.

A draft biosafety law has circulated within the government, but reportedly so far has been blocked by those who realize the risk of Turkish livestock and poultry producers losing access to imported feed ingredients.